



A PLAN FOR THE PEOPLE



ONTARIO ECONOMIC OUTLOOK AND FISCAL REVIEW

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2018
STATEMENT

THE HONOURABLE VICTOR FEDELI
MINISTER OF FINANCE

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INTRODUCTION

Mr. Speaker, it is our honour to present the *2018 Ontario Economic Outlook and Fiscal Review*.

Or, if we can put it more succinctly...

Today, our government is proud to deliver the next steps in our Plan for the People.

A few short months ago, our government received a crucial mandate from Ontario individuals, families and small-business owners.

Under the leadership of Premier Doug Ford, we promised to restore trust between government and the people of Ontario.

And since we were elected on June 7th, we have been hard at work delivering on our commitments.

MORE MONEY IN YOUR POCKET

Mr. Speaker, we promised we would put more money back in the pockets of the people of Ontario.

And today we are pleased to say: Promise Made. Promise Kept.

The cap-and-trade carbon tax is officially gone. And we want to congratulate the Minister of the Environment, Conservation and Parks for his leadership on this file.

What is the result?

Home heating bills are down.

Gas prices are down over four cents per litre.

The average family is already saving \$260 per year in gasoline, natural gas and other costs.

In addition, \$308 million in planned tax hikes from the previous government's *2018 Budget* on individuals, families and businesses are being stopped dead in their tracks.

And our government will not be mirroring the federal government's attack on small businesses.

This measure alone will save thousands of small businesses in Ontario up to \$40,000 per year.

CLEAN UP THE HYDRO MESS

Mr. Speaker, we promised we would end the hydro mess.

Once again the verdict is clear: Promise Made. Promise Kept.

The era of hydro insiders pocketing millions while family hydro bills rose significantly has come to an end.

Under the leadership of the Minister of Energy, Northern Development and Mines, the *Green Energy Act* is being repealed.

The days of highly subsidized wind and solar projects being forced on communities are over.

And cancelling 758 unnecessary renewable energy contracts provides \$790 million in savings to electricity ratepayers.

OPEN FOR BUSINESS

Mr. Speaker, we promised we would make Ontario Open for Business.

Once again the answer is clear: Promise Made. Promise Kept.

Under the leadership of the Minister of Labour, we have introduced the Making Ontario Open for Business Act which will repeal the job-killing parts of Bill 148.

At the same time, we are maintaining the standards that protect vulnerable workers.

We are also fixing the skilled trades mess that left businesses unable to find skilled workers, and young people unable to find jobs in the skilled trades.

For this reason we are shutting down the Ontario College of Trades.

ENDING HALLWAY HEALTH CARE

Mr. Speaker, we promised we would put an end to hallway health care.

On behalf of the Minister of Health and Long-Term Care, we are proud to, once again, report progress is being made: Promise Made. Promise Kept.

We are building 6,000 new long-term care beds in communities across Ontario.

We have another 9,000 new beds in the pipeline, which we will be delivering to those communities that need it the most.

In advance of the upcoming flu season, we are currently investing \$90 million to create 1,100 beds in communities across Ontario.

RESTORING TRUST AND ACCOUNTABILITY

Mr. Speaker, we promised to restore trust and accountability in government.

On behalf of the Premier — and our entire government — we are pleased to once again confirm: Promise Made. Promise Kept.

There is no greater example of this than our management of the government's books.

We are approaching Ontario's finances like the majority of individuals and families approach their household budgets.

We must live within our means, pay down our debts and make every dollar count.

We firmly believe that a government that puts its fiscal house in order is truly a government working for the people.

A few weeks ago, our government released the report of the Independent Financial Commission of Inquiry and the results of our line-by-line review.

Admittedly, the findings were sobering.

This administration inherited a \$15 billion deficit from the previous government.

A staggering amount of money.

Fifteen years of reckless spending and mismanagement have left our province extremely vulnerable to the next economic downturn.

It was irresponsible.

It is this type of thinking that produces a crippling debt that would subsequently devastate hospitals, schools and the social safety net.

Worse still, the previous government went to great lengths to hide the magnitude of the problem.

First, they tried to mask their structural deficit with one-time revenues.

Second, they used off-book accounting to make the deficit appear lower than it actually was.

Finally, when those didn't work, they made a conscious decision to run billions of dollars in deficits with no credible plan back to balance.

Considering this record, I think all of us, the members of this House, owe both the Auditor General and the Independent Financial Commission of Inquiry a debt of gratitude for ensuring these abuses were brought to the public's attention.

Likewise, I want to congratulate the members of the Select Committee on Financial Transparency for their work in ensuring that these kinds of abuses are never seen in this province again.

To further improve legislative accountability, our government is proposing to undertake measures to expand the scope and mandate of the Auditor General and the Ontario Ombudsman.

Mr. Speaker, accountability is important. But accountability on its own is not enough.

We have to fix this financial mess.

And on that count, we are pleased to report that our government has taken immediate steps to mitigate this structural deficit inherited from the previous administration.

Due to swift action taken immediately by our government, we are pleased to report that \$3.2 billion in savings have already been generated.

We acted immediately and are delivering \$2.7 billion in tax relief for Ontario individuals, families and businesses.

And in a matter of weeks, we have reduced our deficit by \$500 million. So the deficit now stands at \$14.5 billion.

We have made progress, but there is still much work to be done.

Our government must take a new direction.

We will restore fiscal balance on a timetable that is reasonable, modest and pragmatic.

We will put in place a meaningful debt reduction strategy.

We will strengthen the fiscal transparency and accountability measures enshrined in our laws.

We will ensure every government agency is delivering services effectively and providing value for taxpayer money.

Whether it's something as straightforward as removing the telephone landlines and fax lines from government offices — or something as significant as focussing OHIP+ on the kids who actually need it — the opportunity to rethink government is immense.

Make no mistake, after the last 15 years, the road back to balance will not be easy.

But we are setting Ontario down a path that will restore our fiscal health, preserve critical services and support hardworking individuals and families.

It is our Plan for the People and it is truly a balanced approach to governing.

RESPECTING CONSUMERS AND FAMILIES

Mr. Speaker, our government's position is non-negotiable.

We are committed to making life more affordable for individuals and families, and putting more money back into their pockets, so they can get ahead

And nobody in Ontario deserves a tax break more than low-income workers.

That is why we are proud to announce that our government is introducing a new Low-income Individuals and Families Tax Credit, or the LIFT Credit for short.

It is one of the most generous tax cuts for low-income workers in a generation.

It will benefit 1.1 million workers. The vast majority of low-income workers who earn \$30,000 or less will pay no Ontario Personal Income Tax at all.

Zero.

People can choose to use these savings to pay the bills, pay for groceries or pay for anything else.

We invite the opposition, if they believe likewise, to vote for the bill we just tabled.

For a growing number of people, the prospect of affordable accommodation is getting beyond their reach.

Individuals and families are facing an affordability challenge simply because housing supply has not kept pace with demand.

In response, our government has committed to develop and implement a Housing Supply Action Plan to address barriers that prevent the development of ownership and rental housing.

We will also reintroduce a rent control exemption that will apply to new rental units in order to increase housing supply across the province.

To be clear, rent control will remain in place for existing tenants.

MAKING ONTARIO OPEN FOR BUSINESS

Mr. Speaker, in order to pay for the services we all cherish we need a stronger balance sheet and a stronger economy.

We must create an environment where anyone can start a business, grow a business and create jobs right here in our province.

Earlier, we touched on the proposed Making Ontario Open for Business Act, and now, let us set out some of our next steps.

It starts with red tape.

It is outrageous that Ontario is currently burdened with approximately 331 statutes and more than 380,000 regulatory requirements — while British Columbia somehow manages to get by with less than half of that.

The Government House Leader, and Minister of Economic Development, Job Creation and Trade, is currently heading an effort to cut red tape across the entire government.

We are well on our way.

We will further reduce red tape for businesses by 25 per cent by 2022.

Mr. Speaker, prosperity must reach every corner of our province and that includes communities in rural and Northern Ontario.

We will work with private-sector partners to expand natural gas and broadband networks to even more rural and remote communities.

We will finally develop the Ring of Fire. No more platitudes, no more delays.

Instead, our government will work directly with our First Nation partners in order to realize the long-awaited benefits.

We will also be moving forward with resource revenue sharing agreements to create a win-win situation for Northern towns and Indigenous communities, and mining, forestry and aggregates companies.

Mr. Speaker, our government has decided it will not stand in the way of any project that would transport oil from Western Canada to Ontario or Canada's East Coast.

We are pleased to announce that Ontario will lead by example.

In order to further national interest, we will unilaterally relinquish our veto over new pipeline construction within our borders.

It's time we all work together as part of one great nation and get those pipelines built!

FEDERAL CARBON TAX

Mr. Speaker, we currently have a federal government in Ottawa that is determined to impose a carbon tax on the people of Ontario...no matter what.

It does not matter how many concerns Prime Minister Trudeau hears from seniors, families and small businesses, he is determined to make the people of Ontario pay.

Ontario is proud to join a growing coalition of Canadian provinces opposed to the federal carbon tax framework. One that includes Saskatchewan, Manitoba and New Brunswick.

The Premier has made it clear he intends to fight the carbon tax with every tool in his toolbox.

This includes legal challenges.

We want to congratulate the Attorney General for her leadership in fighting the carbon tax in both Saskatchewan and here in Ontario.

And today, we are proud to share the next steps and next tools we will use in this fight.

Our government is actively exploring a full suite of transparency measures that will ensure every single person in Ontario is informed of how much they are paying in federal carbon tax — every time they pay a home heating bill or every time they fill up their car.

It is our intention to let people know just how much money the federal government is taking out of their pockets.

CONCLUSION

In conclusion, the current state of Ontario's finances is of significant concern.

The previous government's reckless spending and mismanagement left an unprecedented burden on the shoulders of all individuals, families and businesses in Ontario.

The fiscal hole is deep.

The road ahead is not an easy one and will require difficult decisions.

Everyone across the province will be required to make sacrifices, without exception.

However, this is also an opportunity to embrace reform and transform how government serves the people.

Our path forward is clear, and that is why it is important to maintain our resolve to pursue fiscal discipline and ultimately restore our books to balance.

We gladly tighten our own belts now, knowing that it will provide this generation and future ones with the secure, prosperous future they deserve.

We can assure you our government will never forget who we are fighting for within these four walls.

It is, and will always be, for the people.

Thank you.